



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

RESEARCH APPENDIX -

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Date Transfer Requested: 01/22/2014 (Per: CMH)

☞ Compile Draft – Appendix C ... Part II

A ☞ The 2013 drafting file for
LRB-4017

C ☞ The 2013 drafting file for
LRB-4026

B ☞ The 2013 drafting file for
LRB-4025

D ☞ The 2013 drafting file for
LRB-4035

This file has been copied/added to the drafting file for

2013 LRB-4039



State of Wisconsin
2013 - 2014 LEGISLATURE

LRB-4026/1
JK:kjf&eev:rs

RMR

2013 BILL

in 1-21-14

1 AN ACT ^{reg} ~~to renumber~~ 71.05 (8) (b), 71.10 (4) (cr), 71.10 (4) (dr) and 71.10 (4) (er);
2 ~~to amend~~ 71.05 (6) (b) 47. am., 71.05 (6) (b) 47. b., 71.05 (6) (b) 47. c., 71.07 (4k)
3 (b) 1., 71.07 (5m) (a) 4., 71.07 (5n) (b) (intro.), 71.07 (9r) (a), 71.08 (1) (intro.),
4 71.28 (9s) (d) 3., 71.47 (9s) (d) 3., 71.52 (6), 77.54 (61) (intro.), (a) and (b) and
5 238.16 (3) (intro.); and ~~to create~~ 71.05 (6) (b) 47. dm., 71.05 (8) (b) 2., 71.05 (8)
6 (c), 71.07 (5i) (c) 3., 71.28 (5i) (c) 3., 71.47 (5i) (c) 3. and 77.54 (61) (c) of the
7 statutes; **relating to:** the carry-back of net operating losses, the sales and use
8 tax exemption for commercial printing, the jobs tax credit, the electronic
9 medical records credit, the manufacturing and agriculture credit, the research
10 credit, the state historic rehabilitation credit, and the relocated business credit.

Analysis by the Legislative Reference Bureau

Under current law, for income tax purposes, under certain circumstances, a taxpayer may claim a Wisconsin net operating loss against Wisconsin taxable income of the two years preceding the year in which the taxpayer sustained the loss. This bill clarifies that a taxpayer need not make an offset against Wisconsin modified taxable income of the two years preceding the loss, if the taxpayer chooses not to carry back the net operating loss to the two years preceding the loss.

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Under current law, a person may claim the jobs tax credit if the Wisconsin Economic Development Corporation certifies the person to receive the tax credit, the person increases net employment in the person's business, and the person provides certain wages or job training to its full-time employees. This bill specifies that to be eligible for the jobs tax credit a person must increase net employment in the person's business in this state. Therefore, under the bill, a person may qualify for the jobs tax credit by relocating existing jobs to this state even if the number of individuals the person's business employs nationwide does not increase. Similarly, under the bill, a person does not qualify for the jobs tax credit by increasing the number of individuals the person's business employs nationwide if the number of individuals the person's business employs in this state does not increase.

Under current law, for income and franchise tax purposes, a taxpayer may not claim a relocated business deduction or tax credit for taxable years beginning after December 31, 2013. Under this bill, a taxpayer who is first eligible to claim a relocated business deduction or tax credit for a taxable year beginning after December 31, 2012, and before January 1, 2014, may claim the deduction or credit in the following taxable year.

The bill also provides that the manufacturing and agriculture credit, the research credit, and the state historic rehabilitation credit may be claimed against the alternative minimum tax.

Finally, the bill makes technical changes to the electronic medical records tax credit and to the sales and use tax exemption for tangible personal property used in commercial printing.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 71.05 (6) (b) 47. am. of the statutes, as affected by 2013 Wisconsin
2 Act 20, is amended to read:

3 71.05 (6) (b) 47. am. For taxable years beginning after December 31, 2010, and
4 before January 1, 2014, for 2 consecutive taxable years beginning with the taxable
5 year in which the claimant's business locates to this state from another state or
6 another country and begins doing business in this state, as defined in s. 71.22 (1r),
7 and subject to the limitations provided under subd. 47. d., dm., and e., the profit or
8 loss from a trade or business as reported on federal income tax return schedules C

BILL

1 and F or their equivalents, plus ordinary gain or loss on the sale of business assets,
2 as determined under s. 71.01 (6), but not less than zero, multiplied by the
3 apportionment fraction determined in s. 71.04 (4) and subject to s. 71.04 (7).

4 **SECTION 2.** 71.05 (6) (b) 47. b. of the statutes, as affected by 2013 Wisconsin Act
5 20, is amended to read:

6 71.05 (6) (b) 47. b. With respect to partners and members of limited liability
7 companies, for taxable years beginning after December 31, 2010, and before January
8 1, 2014, for 2 consecutive taxable years beginning with the taxable year in which the
9 partnership's or limited liability company's business locates to this state from
10 another state or another country and begins doing business in this state, as defined
11 in s. 71.22 (1r), and subject to the limitations provided under subd. 47. d., dm., and
12 e., the partner's or member's distributive share of taxable income as calculated under
13 section 703 of the Internal Revenue Code; plus the items of income and gain under
14 section 702 of the Internal Revenue Code, including taxable state and municipal
15 bond interest and excluding nontaxable interest income or dividend income from
16 federal government obligations; minus the items of loss and deduction under section
17 ~~756702~~ 702 of the Internal Revenue Code, except items that are not deductible under
18 s. 71.21; plus guaranteed payments to partners under section 707 (c) of the Internal
19 Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL),
20 (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t),
21 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), and (8r); and plus or minus, as
22 appropriate, transitional adjustments, depreciation differences, and basis
23 differences under s. 71.05 (13), (15), (16), (17), and (19), multiplied by the
24 apportionment fraction determined in s. 71.04 (4) and subject to s. 71.04 (7) or by

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1 separate accounting. No amounts subtracted under this subd. 47. b. may be included
2 in the modification under par. (b) 9. or 9m.

3 **SECTION 3.** 71.05 (6) (b) 47. c. of the statutes, as affected by 2013 Wisconsin Act
4 20, is amended to read:

5 71.05 (6) (b) 47. c. With respect to shareholders of a tax-option corporation, for
6 taxable years beginning after December 31, 2010, and before January 1, 2014, for 2
7 consecutive taxable years beginning with the taxable year in which the tax-option
8 corporation's business locates to this state from another state or another country and
9 begins doing business in this state, as defined in s. 71.22 (1r), and subject to the
10 limitations provided under subd. 47. d., dm., and e., the shareholder's distributive
11 share of the entity's net income or loss as determined under this chapter, including
12 interest income from federal, state, and municipal government obligations,
13 multiplied by the apportionment fraction determined in s. 71.25 (6m) and subject to
14 s. 71.25 (9) or by separate accounting. No amounts subtracted under this subdivision
15 may be included in the modification under par. (b) 9. or 9m.

16 **SECTION 4.** 71.05 (6) (b) 47. dm. of the statutes is created to read:

17 71.05 (6) (b) 47. dm. No person may claim a deduction under this subdivision
18 for taxable years beginning after December 31, 2013, except that a claimant who is
19 first eligible to claim a deduction under this subdivision for a taxable year beginning
20 after December 31, 2012, and before January 1, 2014, may claim the deduction the
21 following taxable year.

22 **SECTION 5.** 71.05 (8) (b) of the statutes, as affected by 2013 Wisconsin Act 20,
23 is renumbered 71.05 (8) (b) 1.

24 **SECTION 6.** 71.05 (8) (b) 2. of the statutes is created to read:

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1 71.05 (8) (b) 2. The taxpayer need not make the offset against Wisconsin
2 modified taxable income of the 2 years preceding the loss, as provided under subd.
3 1., if the taxpayer chooses not to carry back the net operating loss to the 2 years
4 preceding the loss.

5 **SECTION 7.** 71.05 (8) (c) of the statutes is created to read:

6 71.05 (8) (c) The department shall not pay interest on any overpayment that
7 results from the carry-back of a net operating loss.

8 **SECTION 8.** 71.07 (4k) (b) 1. of the statutes, as created by 2013 Wisconsin Act
9 20, is amended to read:

10 71.07 (4k) (b) 1. Subject to the limitations provided in this subsection, and
11 except as provided in subds. 2. and 3., for taxable years beginning after December
12 31, 2012, an individual, a partner of a partnership, a shareholder of a tax-option
13 corporation, or a member of a limited liability company may claim a credit against
14 the tax imposed under s. 71.02 or 71.08, as allocated under par. (d), an amount equal
15 to 5 percent of the amount obtained by subtracting from the individual's,
16 partnership's, tax-option corporation's, or limited liability company's qualified
17 research expenses, as defined in section 41 of the Internal Revenue Code, except that
18 "qualified research expenses" includes only expenses incurred by the individual,
19 partnership, tax-option corporation, or the limited liability company, incurred for
20 research conducted in this state for the taxable year, except that a taxpayer may elect
21 the alternative computation under section 41 (c) (4) of the Internal Revenue Code
22 and that election applies until the department permits its revocation, except as
23 provided in par. (c), and except that "qualified research expenses" does not include
24 compensation used in computing the credit under subs. (2dj) and (2dx), the entity's
25 base amount, as defined in section 41 (c) of the Internal Revenue Code, except that

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1 gross receipts used in calculating the base amount means gross receipts from sales
2 attributable to Wisconsin under ss. 71.04 (7) (b) 1. and 2., (df), (dh), (dj), and (dk).
3 Section 41 (h) of the Internal Revenue Code does not apply to the credit under this
4 subdivision.

5 **SECTION 9.** 71.07 (5i) (c) 3. of the statutes is created to read:

6 71.07 (5i) (c) 3. No credit may be claimed under this subsection based on an
7 amount paid under par. (b) after December 31, 2013.

8 **SECTION 10.** 71.07 (5m) (a) 4. of the statutes is amended to read:

9 71.07 (5m) (a) 4. "Net tax liability" means a claimant's income tax liability after
10 he or she completes the computations listed in s. 71.10 (4) (a) to ~~(d)~~ (d).

11 **SECTION 11.** 71.07 (5n) (b) (intro.) of the statutes is amended to read:

12 71.07 (5n) (b) *Filing claims.* (intro.) Subject to the limitations provided in this
13 subsection, a claimant may claim as a credit against the tax imposed under ~~s.~~ ss.
14 71.02 and 71.08, up to the amount of the tax, an amount equal to one of the following
15 percentages of the claimant's eligible qualified production activities income in the
16 taxable year:

17 **SECTION 12.** 71.07 (9r) (a) of the statutes is amended to read:

18 71.07 (9r) (a) For taxable years beginning on or after August 1, 1988, any
19 natural person may credit against taxes otherwise due under s. 71.02 or 71.08 an
20 amount equal to 25% of the costs of preservation or rehabilitation of historic property
21 located in this state, including architectural fees and costs incurred in preparing
22 nomination forms for listing in the national register of historic places in Wisconsin
23 or the state register of historic places, if the nomination is made within 5 years prior
24 to submission of a preservation or rehabilitation plan under par. (b) 3. b., and if the
25 physical work of construction or destruction in preparation for construction begins

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1 after December 31, 1988, except that the credit may not exceed \$10,000, or \$5,000
2 for married persons filing separately, for any preservation or rehabilitation project.

3 **SECTION 13.** 71.08 (1) (intro.) of the statutes, as affected by 2013 Wisconsin Act
4 62, is amended to read:

5 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
6 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
7 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2dy), (3m), (3n), (3p),
8 (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (4k), (5b), (5d), (5e), (5f), (5h), (5i), (5j), (5n), (6),
9 (6e), (8r), (9e), and (9m), and (9r), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx),
10 (1dy), (2m), (3), (3n), (3t), and (3w), 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx),
11 (1dy), (2m), (3), (3n), (3t), and (3w), 71.57 to 71.61, and 71.613 and subch. VIII and
12 payments to other states under s. 71.07 (7), is less than the tax under this section,
13 there is imposed on that natural person, married couple filing jointly, trust or estate,
14 instead of the tax under s. 71.02, an alternative minimum tax computed as follows:

15 **SECTION 14.** 71.10 (4) (cr) of the statutes is renumbered 71.10 (4) (fn).

16 **SECTION 15.** 71.10 (4) (dr) of the statutes is renumbered 71.10 (4) (fp).

17 **SECTION 16.** 71.10 (4) (er) of the statutes, as created by 2013 Wisconsin Act 20,
18 is renumbered 71.10 (4) (fr).

19 **SECTION 17.** 71.28 (5i) (c) 3. of the statutes is created to read:

20 71.28 (5i) (c) 3. No credit may be claimed under this subsection based on an
21 amount paid under par. (b) after December 31, 2013.

22 **SECTION 18.** 71.28 (9s) (d) 3. of the statutes, as created by 2013 Wisconsin Act
23 20, is amended to read:

24 71.28 (9s) (d) 3. No credit may be claimed under this subsection for taxable
25 years beginning after December 31, 2013. ~~Credits under this subsection for taxable~~

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1 ~~years that begin before January 1, 2014, may be carried forward to taxable years that~~
2 ~~begin after December 31, 2013, except that a claimant who is first eligible to claim~~
3 ~~a credit under this subsection for taxable years beginning after December 31, 2012,~~
4 ~~and before January 1, 2014, may claim the credit in the following taxable year.~~

5 **SECTION 19.** 71.47 (5i) (c) 3. of the statutes is created to read:

6 71.47 (5i) (c) 3. No credit may be claimed under this subsection based on an
7 amount paid under par. (b) after December 31, 2013.

8 **SECTION 20.** 71.47 (9s) (d) 3. of the statutes, as created by 2013 Wisconsin Act
9 20, is amended to read:

10 71.47 (9s) (d) 3. No credit may be claimed under this subsection for taxable
11 years beginning after December 31, 2013. ~~Credits under this subsection for taxable~~
12 ~~years that begin before January 1, 2014, may be carried forward to taxable years that~~
13 ~~begin after December 31, 2013, except that a claimant who is first eligible to claim~~
14 ~~a credit under this subsection for taxable years beginning after December 31, 2012,~~
15 ~~and before January 1, 2014, may claim the credit in the following taxable year.~~

16 **SECTION 21.** 71.52 (6) of the statutes is amended to read:

17 71.52 (6) "Income" means the sum of Wisconsin adjusted gross income and the
18 following amounts, to the extent not included in Wisconsin adjusted gross income:
19 maintenance payments (except foster care maintenance and supplementary
20 payments excludable under section 131 of the internal revenue code), support money,
21 cash public assistance (not including credit granted under this subchapter and
22 amounts under s. 46.27), cash benefits paid by counties under s. 59.53 (21), the gross
23 amount of any pension or annuity (including railroad retirement benefits, all
24 payments received under the federal social security act and veterans disability
25 pensions), nontaxable interest received from the federal government or any of its

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1 instrumentalities, nontaxable interest received on state or municipal bonds,
2 worker's compensation, unemployment insurance, the gross amount of "loss of time"
3 insurance, compensation and other cash benefits received from the United States for
4 past or present service in the armed forces, scholarship and fellowship gifts or
5 income, capital gains, gain on the sale of a personal residence excluded under section
6 121 of the internal revenue code, dividends, income of a nonresident or part-year
7 resident who is married to a full-year resident, housing allowances provided to
8 members of the clergy, the amount by which a resident manager's rent is reduced,
9 nontaxable income of an American Indian, nontaxable income from sources outside
10 this state and nontaxable deferred compensation. Intangible drilling costs,
11 depletion allowances and depreciation, including first-year depreciation allowances
12 under section 179 of the internal revenue code, amortization, contributions to
13 individual retirement accounts under section 219 of the internal revenue code,
14 contributions to Keogh plans, net operating loss carry-backs and carry-forwards
15 and capital loss carry-forwards deducted in determining Wisconsin adjusted gross
16 income shall be added to "income". "Income" does not include gifts from natural
17 persons, cash reimbursement payments made under title XX of the federal social
18 security act, surplus food or other relief in kind supplied by a governmental agency,
19 the gain on the sale of a personal residence deferred under section 1034 of the
20 internal revenue code or nonrecognized gain from involuntary conversions under
21 section 1033 of the internal revenue code. Amounts not included in adjusted gross
22 income but added to "income" under this subsection in a previous year and repaid
23 may be subtracted from income for the year during which they are repaid.
24 Scholarship and fellowship gifts or income that are included in Wisconsin adjusted
25 gross income and that were added to household income for purposes of determining

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1 the credit under this subchapter in a previous year may be subtracted from income
2 for the current year in determining the credit under this subchapter. A marital
3 property agreement or unilateral statement under ch. 766 has no effect in computing
4 "income" for a person whose homestead is not the same as the homestead of that
5 person's spouse.

6 **SECTION 22.** 77.54 (61) (intro.), (a) and (b) of the statutes, as created by 2013
7 Wisconsin Act 20, are amended to read:

8 77.54 (61) (intro.) The sales price from the sale of and the storage, use, or other
9 consumption of the following by a person primarily engaged, as determined by the
10 department, in commercial printing, not including screen printing or book printing,
11 without publishing, except for gray goods; printing, or printing and binding, books
12 or pamphlets without publishing the books or pamphlets; or performing prepress
13 and postpress services in support of printing activities book printing, or support
14 activities for printing described under 323111, 323117, and 323120 of the North
15 American Industry Classification System:

16 (a) Computers and servers ~~that are used~~ primarily to store copies of the product
17 that are sent to a digital printer, a platemaking machine, or a printing press or used
18 primarily in prepress or postpress activities.

19 (b) Tangible personal property purchased from out-of-state sellers that are
20 temporarily stored, remain idle, and not used in this state ~~for not more than 180 days~~
21 and that are then delivered and used solely outside of this state.

22 **SECTION 23.** 77.54 (61) (c) of the statutes is created to read:

23 77.54 (61) (c) In this subsection:

24 1. "Postpress activities" include paper bronzing, die-cutting, edging,
25 embossing, folding, gilding, gluing, and indexing.

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1 2. "Prepress activities" include making print-ready plates, typesetting, trade
2 binding, and sample mounting.

3 3. "Temporarily" means not more than 180 days.

4 **SECTION 24.** 238.16 (3) (intro.) of the statutes, as affected by 2013 Wisconsin
5 Act 20, is amended to read:

6 238.16 (3) ELIGIBILITY FOR TAX BENEFITS. (intro.) A person certified under sub.
7 (2) may receive tax benefits under this section if, in each year for which the person
8 claims tax benefits under this section, the person increases net employment in this
9 state in the person's business above the net employment in this state in the person's
10 business during the year before the person was certified under sub. (2), as
11 determined by the corporation under its policies and procedures, and one of the
12 following applies:

13 **SECTION 9337. Initial applicability; Revenue.**

14 (1) COMMERCIAL PRINTING. The treatment of section 77.54 (61) (intro.), (a), (b),
15 and (c) of the statutes first applies retroactively to sales made on October 1, 2013.

16 (2) RESEARCH AND REHABILITATION CREDITS. The treatment of sections 71.07 (4k)
17 (b) 1., (5m) (a) 4., and (9r) (a), 71.08 (1) (intro.) (as it relates to the state historic
18 rehabilitation credit and the research credit), and 71.10 (4) (dr) and (er) of the
19 statutes first applies to taxable years beginning on January 1, 2014.

20 (3) CARRY-BACKS. The treatment of section 71.52 (6) of the statutes, the
21 renumbering of section 71.05 (8) (b) of the statutes, and the creation of section 71.05
22 (8) (b) 2. of the statutes first apply to taxable years beginning on January 1, 2014.

23 (4) OVERPAYMENTS. The treatment of section 71.05 (8) (c) of the statutes first
24 applies to refunds paid on January 1, 2014.

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1 (5) MANUFACTURING AND AGRICULTURE CREDITS. The treatment of sections 71.07
2 (5n) (b) (intro.), 71.08 (1) (intro.) (as it relates to the manufacturing and agriculture
3 credit), and 71.10 (4) (cr) of the statutes first applies retroactively to taxable years
4 beginning on January 1, 2013.

5 **SECTION 9437. Effective dates; Revenue.**

6 (1) COMMERCIAL PRINTING. The treatment of section 77.54 (61) (intro.), (a), (b),
7 and (c) of the statutes takes effect retroactively to October 1, 2013.

8 (2) MANUFACTURING AND AGRICULTURE CREDITS. The treatment of sections 71.07
9 (5n) (b) (intro.), 71.08 (1) (intro.) (as it relates to the manufacturing and agriculture
10 credit) and 71.10 (4) (cr) of the statutes takes effect retroactively on January 1, 2013.

11 (END)
BY

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SECTION 13 of private

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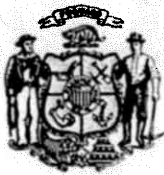
62 and A.R. evh
1 SECTION 71.08 (1) (intro.) of the statutes, as affected by 2013 Wisconsin Act
2 (this act), is amended to read:

3 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
4 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
5 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2dy), (3m), (3n), (3p),
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10 payments to other states under s. 71.07 (7), is less than the tax under this section,
11 there is imposed on that natural person, married couple filing jointly, trust or estate,
12 instead of the tax under s. 71.02, an alternative minimum tax computed as follows:

Insert 12 - 10

13 (3) RESEARCH AND REHABILITATION CREDITS. The treatment of sections 71.07 (4k)
14 (b) 1., (5m) (a) 4., and (9r) (a), 71.08 (1) (intro.), as affected by SECTION 71.10
15 (4) (dr) and (er) of the statutes takes effect on January 1, 2014.

A.R. evh
at this act



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-4026/2
JK:kjf&eev:rs

2013 BILL

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4 71.08 (1) (intro.), 71.28 (9s) (d) 3., 71.47 (9s) (d) 3., 71.52 (6), 77.54 (61) (intro.),
5 (a) and (b) and 238.16 (3) (intro.); and **to create** 71.05 (6) (b) 47. dm., 71.05 (8)
6 (b) 2., 71.05 (8) (c), 71.07 (5i) (c) 3., 71.28 (5i) (c) 3., 71.47 (5i) (c) 3. and 77.54 (61)
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BILL

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1 loss from a trade or business as reported on federal income tax return schedules C
2 and F or their equivalents, plus ordinary gain or loss on the sale of business assets,
3 as determined under s. 71.01 (6), but not less than zero, multiplied by the
4 apportionment fraction determined in s. 71.04 (4) and subject to s. 71.04 (7).

5 **SECTION 2.** 71.05 (6) (b) 47. b. of the statutes, as affected by 2013 Wisconsin Act
6 20, is amended to read:

7 71.05 (6) (b) 47. b. With respect to partners and members of limited liability
8 companies, for taxable years beginning after December 31, 2010, and before January
9 1, 2014, for 2 consecutive taxable years beginning with the taxable year in which the
10 partnership's or limited liability company's business locates to this state from
11 another state or another country and begins doing business in this state, as defined
12 in s. 71.22 (1r), and subject to the limitations provided under subd. 47. d., dm., and
13 e., the partner's or member's distributive share of taxable income as calculated under
14 section 703 of the Internal Revenue Code; plus the items of income and gain under
15 section 702 of the Internal Revenue Code, including taxable state and municipal
16 bond interest and excluding nontaxable interest income or dividend income from
17 federal government obligations; minus the items of loss and deduction under section
18 ~~756702~~ 702 of the Internal Revenue Code, except items that are not deductible under
19 s. 71.21; plus guaranteed payments to partners under section 707 (c) of the Internal
20 Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL),
21 (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t),
22 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), and (8r); and plus or minus, as
23 appropriate, transitional adjustments, depreciation differences, and basis
24 differences under s. 71.05 (13), (15), (16), (17), and (19), multiplied by the
25 apportionment fraction determined in s. 71.04 (4) and subject to s. 71.04 (7) or by

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1 separate accounting. No amounts subtracted under this subd. 47. b. may be included
2 in the modification under par. (b) 9. or 9m.

3 **SECTION 3.** 71.05 (6) (b) 47. c. of the statutes, as affected by 2013 Wisconsin Act
4 20, is amended to read:

5 71.05 (6) (b) 47. c. With respect to shareholders of a tax-option corporation, for
6 taxable years beginning after December 31, 2010, and before January 1, 2014, for 2
7 consecutive taxable years beginning with the taxable year in which the tax-option
8 corporation's business locates to this state from another state or another country and
9 begins doing business in this state, as defined in s. 71.22 (1r), and subject to the
10 limitations provided under subd. 47. d., dm., and e., the shareholder's distributive
11 share of the entity's net income or loss as determined under this chapter, including
12 interest income from federal, state, and municipal government obligations,
13 multiplied by the apportionment fraction determined in s. 71.25 (6m) and subject to
14 s. 71.25 (9) or by separate accounting. No amounts subtracted under this subdivision
15 may be included in the modification under par. (b) 9. or 9m.

16 **SECTION 4.** 71.05 (6) (b) 47. dm. of the statutes is created to read:

17 71.05 (6) (b) 47. dm. No person may claim a deduction under this subdivision
18 for taxable years beginning after December 31, 2013, except that a claimant who is
19 first eligible to claim a deduction under this subdivision for a taxable year beginning
20 after December 31, 2012, and before January 1, 2014, may claim the deduction the
21 following taxable year.

22 **SECTION 5.** 71.05 (8) (b) of the statutes, as affected by 2013 Wisconsin Act 20,
23 is renumbered 71.05 (8) (b) 1.

24 **SECTION 6.** 71.05 (8) (b) 2. of the statutes is created to read:

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1 71.05 (8) (b) 2. The taxpayer need not make the offset against Wisconsin
2 modified taxable income of the 2 years preceding the loss, as provided under subd.
3 1., if the taxpayer chooses not to carry back the net operating loss to the 2 years
4 preceding the loss.

5 **SECTION 7.** 71.05 (8) (c) of the statutes is created to read:

6 71.05 (8) (c) The department shall not pay interest on any overpayment that
7 results from the carry-back of a net operating loss.

8 **SECTION 8.** 71.07 (4k) (b) 1. of the statutes, as created by 2013 Wisconsin Act
9 20, is amended to read:

10 71.07 (4k) (b) 1. Subject to the limitations provided in this subsection, and
11 except as provided in subds. 2. and 3., for taxable years beginning after December
12 31, 2012, an individual, a partner of a partnership, a shareholder of a tax-option
13 corporation, or a member of a limited liability company may claim a credit against
14 the tax imposed under s. 71.02 or 71.08, as allocated under par. (d), an amount equal
15 to 5 percent of the amount obtained by subtracting from the individual's,
16 partnership's, tax-option corporation's, or limited liability company's qualified
17 research expenses, as defined in section 41 of the Internal Revenue Code, except that
18 "qualified research expenses" includes only expenses incurred by the individual,
19 partnership, tax-option corporation, or the limited liability company, incurred for
20 research conducted in this state for the taxable year, except that a taxpayer may elect
21 the alternative computation under section 41 (c) (4) of the Internal Revenue Code
22 and that election applies until the department permits its revocation, except as
23 provided in par. (c), and except that "qualified research expenses" does not include
24 compensation used in computing the credit under subs. (2dj) and (2dx), the entity's
25 base amount, as defined in section 41 (c) of the Internal Revenue Code, except that

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1 gross receipts used in calculating the base amount means gross receipts from sales
2 attributable to Wisconsin under ss. 71.04 (7) (b) 1. and 2., (df), (dh), (dj), and (dk).
3 Section 41 (h) of the Internal Revenue Code does not apply to the credit under this
4 subdivision.

5 **SECTION 9.** 71.07 (5i) (c) 3. of the statutes is created to read:

6 71.07 (5i) (c) 3. No credit may be claimed under this subsection based on an
7 amount paid under par. (b) after December 31, 2013.

8 **SECTION 10.** 71.07 (5m) (a) 4. of the statutes is amended to read:

9 71.07 (5m) (a) 4. "Net tax liability" means a claimant's income tax liability after
10 he or she completes the computations listed in s. 71.10 (4) (a) to ~~(dr)~~ (d).

11 **SECTION 11.** 71.07 (5n) (b) (intro.) of the statutes is amended to read:

12 71.07 (5n) (b) *Filing claims.* (intro.) Subject to the limitations provided in this
13 subsection, a claimant may claim as a credit against the tax imposed under ~~s.~~ ss.
14 71.02 and 71.08, up to the amount of the tax, an amount equal to one of the following
15 percentages of the claimant's eligible qualified production activities income in the
16 taxable year:

17 **SECTION 12.** 71.07 (9r) (a) of the statutes is amended to read:

18 71.07 (9r) (a) For taxable years beginning on or after August 1, 1988, any
19 natural person may credit against taxes otherwise due under s. 71.02 or 71.08 an
20 amount equal to 25% of the costs of preservation or rehabilitation of historic property
21 located in this state, including architectural fees and costs incurred in preparing
22 nomination forms for listing in the national register of historic places in Wisconsin
23 or the state register of historic places, if the nomination is made within 5 years prior
24 to submission of a preservation or rehabilitation plan under par. (b) 3. b., and if the
25 physical work of construction or destruction in preparation for construction begins

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1 after December 31, 1988, except that the credit may not exceed \$10,000, or \$5,000
2 for married persons filing separately, for any preservation or rehabilitation project.

3 **SECTION 13.** 71.08 (1) (intro.) of the statutes, as affected by 2013 Wisconsin Act
4 62, is amended to read:

5 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
6 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
7 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2dy), (3m), (3n), (3p),
8 (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (5b), (5d), (5e), (5f), (5h), (5i), (5j), (5n), (6), (6e),
9 (8r), (9e), and (9m), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1dy), (2m), (3),
10 (3n), (3t), and (3w), 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1dy), (2m), (3),
11 (3n), (3t), and (3w), 71.57 to 71.61, and 71.613 and subch. VIII and payments to other
12 states under s. 71.07 (7), is less than the tax under this section, there is imposed on
13 that natural person, married couple filing jointly, trust or estate, instead of the tax
14 under s. 71.02, an alternative minimum tax computed as follows:

15 **SECTION 14.** 71.08 (1) (intro.) of the statutes, as affected by 2013 Wisconsin Acts
16 62 and (this act), is amended to read:

17 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
18 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
19 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2dy), (3m), (3n), (3p),
20 (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (4k), (5b), (5d), (5e), (5f), (5h), (5i), (5j), (5n), (6),
21 (6e), (8r), (9e), and (9m), and (9r), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx),
22 (1dy), (2m), (3), (3n), (3t), and (3w), 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx),
23 (1dy), (2m), (3), (3n), (3t), and (3w), 71.57 to 71.61, and 71.613 and subch. VIII and
24 payments to other states under s. 71.07 (7), is less than the tax under this section,

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1 there is imposed on that natural person, married couple filing jointly, trust or estate,
2 instead of the tax under s. 71.02, an alternative minimum tax computed as follows:

3 **SECTION 15.** 71.10 (4) (cr) of the statutes is renumbered 71.10 (4) (fn).

4 **SECTION 16.** 71.10 (4) (dr) of the statutes is renumbered 71.10 (4) (fp).

5 **SECTION 17.** 71.10 (4) (er) of the statutes, as created by 2013 Wisconsin Act 20,
6 is renumbered 71.10 (4) (fr).

7 **SECTION 18.** 71.28 (5i) (c) 3. of the statutes is created to read:

8 71.28 (5i) (c) 3. No credit may be claimed under this subsection based on an
9 amount paid under par. (b) after December 31, 2013.

10 **SECTION 19.** 71.28 (9s) (d) 3. of the statutes, as created by 2013 Wisconsin Act
11 20, is amended to read:

12 71.28 (9s) (d) 3. No credit may be claimed under this subsection for taxable
13 years beginning after December 31, 2013. ~~Credits under this subsection for taxable~~
14 ~~years that begin before January 1, 2014, may be carried forward to taxable years that~~
15 ~~begin after December 31, 2013, except that a claimant who is first eligible to claim~~
16 a credit under this subsection for taxable years beginning after December 31, 2012,
17 and before January 1, 2014, may claim the credit in the following taxable year.

18 **SECTION 20.** 71.47 (5i) (c) 3. of the statutes is created to read:

19 71.47 (5i) (c) 3. No credit may be claimed under this subsection based on an
20 amount paid under par. (b) after December 31, 2013.

21 **SECTION 21.** 71.47 (9s) (d) 3. of the statutes, as created by 2013 Wisconsin Act
22 20, is amended to read:

23 71.47 (9s) (d) 3. No credit may be claimed under this subsection for taxable
24 years beginning after December 31, 2013. ~~Credits under this subsection for taxable~~
25 ~~years that begin before January 1, 2014, may be carried forward to taxable years that~~

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1 begin after December 31, 2013, except that a claimant who is first eligible to claim
2 a credit under this subsection for taxable years beginning after December 31, 2012,
3 and before January 1, 2014, may claim the credit in the following taxable year.

4 **SECTION 22.** 71.52 (6) of the statutes is amended to read:

5 71.52 (6) "Income" means the sum of Wisconsin adjusted gross income and the
6 following amounts, to the extent not included in Wisconsin adjusted gross income:
7 maintenance payments (except foster care maintenance and supplementary
8 payments excludable under section 131 of the internal revenue code), support money,
9 cash public assistance (not including credit granted under this subchapter and
10 amounts under s. 46.27), cash benefits paid by counties under s. 59.53 (21), the gross
11 amount of any pension or annuity (including railroad retirement benefits, all
12 payments received under the federal social security act and veterans disability
13 pensions), nontaxable interest received from the federal government or any of its
14 instrumentalities, nontaxable interest received on state or municipal bonds,
15 worker's compensation, unemployment insurance, the gross amount of "loss of time"
16 insurance, compensation and other cash benefits received from the United States for
17 past or present service in the armed forces, scholarship and fellowship gifts or
18 income, capital gains, gain on the sale of a personal residence excluded under section
19 121 of the internal revenue code, dividends, income of a nonresident or part-year
20 resident who is married to a full-year resident, housing allowances provided to
21 members of the clergy, the amount by which a resident manager's rent is reduced,
22 nontaxable income of an American Indian, nontaxable income from sources outside
23 this state and nontaxable deferred compensation. Intangible drilling costs,
24 depletion allowances and depreciation, including first-year depreciation allowances
25 under section 179 of the internal revenue code, amortization, contributions to

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1 individual retirement accounts under section 219 of the internal revenue code,
2 contributions to Keogh plans, net operating loss carry-backs and carry-forwards
3 and capital loss carry-forwards deducted in determining Wisconsin adjusted gross
4 income shall be added to "income". "Income" does not include gifts from natural
5 persons, cash reimbursement payments made under title XX of the federal social
6 security act, surplus food or other relief in kind supplied by a governmental agency,
7 the gain on the sale of a personal residence deferred under section 1034 of the
8 internal revenue code or nonrecognized gain from involuntary conversions under
9 section 1033 of the internal revenue code. Amounts not included in adjusted gross
10 income but added to "income" under this subsection in a previous year and repaid
11 may be subtracted from income for the year during which they are repaid.
12 Scholarship and fellowship gifts or income that are included in Wisconsin adjusted
13 gross income and that were added to household income for purposes of determining
14 the credit under this subchapter in a previous year may be subtracted from income
15 for the current year in determining the credit under this subchapter. A marital
16 property agreement or unilateral statement under ch. 766 has no effect in computing
17 "income" for a person whose homestead is not the same as the homestead of that
18 person's spouse.

19 **SECTION 23.** 77.54 (61) (intro.), (a) and (b) of the statutes, as created by 2013
20 Wisconsin Act 20, are amended to read:

21 77.54 (61) (intro.) The sales price from the sale of and the storage, use, or other
22 consumption of the following by a person primarily engaged, as determined by the
23 department, in commercial printing, ~~not including screen printing or book printing,~~
24 ~~without publishing, except for gray goods; printing, or printing and binding, books~~
25 ~~or pamphlets without publishing the books or pamphlets; or performing prepress~~

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1 ~~and postpress services in support of printing activities~~ book printing, or support
2 activities for printing described under 323111, 323117, and 323120 of the North
3 American Industry Classification System:

4 (a) Computers and servers ~~that are used~~ primarily to store copies of the product
5 that are sent to a digital printer, a platemaking machine, or a printing press ~~or used~~
6 primarily in prepress or postpress activities.

7 (b) Tangible personal property purchased from out-of-state sellers that are
8 temporarily stored, remain idle, and not used in this state ~~for not more than 180 days~~
9 and that are then delivered and used solely outside of this state.

10 **SECTION 24.** 77.54 (61) (c) of the statutes is created to read:

11 77.54 (61) (c) In this subsection:

12 1. "Postpress activities" include paper bronzing, die-cutting, edging,
13 embossing, folding, gilding, gluing, and indexing.

14 2. "Prepress activities" include making print-ready plates, typesetting, trade
15 binding, and sample mounting.

16 3. "Temporarily" means not more than 180 days.

17 **SECTION 25.** 238.16 (3) (intro.) of the statutes, as affected by 2013 Wisconsin
18 Act 20, is amended to read:

19 238.16 (3) ELIGIBILITY FOR TAX BENEFITS. (intro.) A person certified under sub.
20 (2) may receive tax benefits under this section if, in each year for which the person
21 claims tax benefits under this section, the person increases net employment in this
22 state in the person's business above the net employment in this state in the person's
23 business during the year before the person was certified under sub. (2), as
24 determined by the corporation under its policies and procedures, and one of the
25 following applies:

BILL**1 SECTION 9337. Initial applicability; Revenue.**

2 (1) COMMERCIAL PRINTING. The treatment of section 77.54 (61) (intro.), (a), (b),
3 and (c) of the statutes first applies retroactively to sales made on October 1, 2013.

4 (2) RESEARCH AND REHABILITATION CREDITS. The treatment of sections 71.07 (4k)
5 (b) 1., (5m) (a) 4., and (9r) (a), 71.08 (1) (intro.) (as it relates to the state historic
6 rehabilitation credit and the research credit), and 71.10 (4) (dr) and (er) of the
7 statutes first applies to taxable years beginning on January 1, 2014.

8 (3) CARRY-BACKS. The treatment of section 71.52 (6) of the statutes, the
9 renumbering of section 71.05 (8) (b) of the statutes, and the creation of section 71.05
10 (8) (b) 2. of the statutes first apply to taxable years beginning on January 1, 2014.

11 (4) OVERPAYMENTS. The treatment of section 71.05 (8) (c) of the statutes first
12 applies to refunds paid on January 1, 2014.

13 (5) MANUFACTURING AND AGRICULTURE CREDITS. The treatment of sections 71.07
14 (5n) (b) (intro.), 71.08 (1) (intro.) (as it relates to the manufacturing and agriculture
15 credit), and 71.10 (4) (cr) of the statutes first applies retroactively to taxable years
16 beginning on January 1, 2013.

17 SECTION 9437. Effective dates; Revenue.

18 (1) COMMERCIAL PRINTING. The treatment of section 77.54 (61) (intro.), (a), (b),
19 and (c) of the statutes takes effect retroactively to October 1, 2013.

20 (2) MANUFACTURING AND AGRICULTURE CREDITS. The treatment of sections 71.07
21 (5n) (b) (intro.), 71.08 (1) (intro.) (by SECTION 13), and 71.10 (4) (cr) of the statutes
22 takes effect retroactively on January 1, 2013.

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- (3) RESEARCH AND REHABILITATION CREDITS. The treatment of sections 71.07 (4k)
(b) 1., (5m) (a) 4., and (9r) (a), 71.08 (1) (intro.) (by SECTION 14), and 71.10 (4) (dr) and
(er) of the statutes takes effect on January 1, 2014.
- (END)